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LISTING STATEMENT NO. 2478

LISTED FEBRUARY 15, 1971.
625,000 Shares without nominal or par value of which
25,000 shares are subject to issuance.
Stock Symbol "PDS".
Post Section 11.

THE TORONTO STOCK EXCHANGE

LISTING STATEMENT

PEOPLES DEPARTMENT STORES LTD.

Incorporated under the laws of Canada by Letters Patent dated May 18, 1933

CAPITALIZATION AS AT JANUARY 7, 1971

	AUTHORIZED	ISSUED AND OUTSTANDING	TO BE LISTED
Common Shares without nominal or par value	1,000,000	600,000	625,000*

*of which 25,000 are reserved for issuance.

1. APPLICATION

PEOPLES DEPARTMENT STORES LTD. (the "Company") hereby makes application for the listing on The Toronto Stock Exchange of 625,000 common shares without nominal or par value in the capital of the Company, of which 600,000 have been issued and are outstanding as fully paid and non-assessable. The remaining 25,000 common shares included in this application have been reserved for issuance pursuant to an option granted to an employee of the Company to purchase such shares at a price of \$11 per share. The option terminates on January 31, 1979.

2. HISTORY

The Company was incorporated as People's 5-10-15¢ to \$1 Stores Limited under the laws of Canada by letters patent dated May 18, 1933. The letters patent of the Company were amended by supplementary letters patent dated December 16, 1967, changing the name of the Company to its present name and by supplementary letters patent dated May 27, 1968, converting and sub-dividing the authorized 5,000 common shares of the par value of \$100 each into 1,000,000 common shares without nominal or par value.

3. NATURE OF BUSINESS

The Company is engaged in the retail distribution of a broad range of medium- to low-priced apparel items and variety goods. The Company does not have manufacturing facilities but purchases from a large number of suppliers located mainly in Montréal and Toronto.

The Company currently operates 41 stores ranging in size from 2,700 sq. ft. to 38,000 sq. ft., of which 27 are located in Québec, 11 in Ontario, and 3 in Nova Scotia. In addition, the Company also maintains a 33,000-sq. ft. warehouse adjacent to its executive offices in Montréal. All of these premises are leased for varying periods, ranging up to approximately 30 years.

During the last five years, the Company has implemented a program of modernization and expansion, which, together with improved managerial controls, has led to a significant improvement in sales and profit margins.

The Company employs approximately 650 people on a full-time basis, and an additional 175 clerks at peak periods. Most stores are operated on a partial self-service basis. The Company enjoys stable employee relations.

The Company's main competition comes from other junior department stores. The Company, however, has been able to compete effectively by virtue of its progressive marketing techniques, experienced buying staff, and the prime locations of its stores. In keeping with current trends in the retail trade, present store outlets are being expanded and modernized and locations are constantly being sought in growing centres of population.

4. **SHARE ISSUES DURING PAST TEN YEARS**

No shares have been issued during the past ten years.

5. **STOCK PROVISIONS AND VOTING POWERS**

Each common share carries one vote at all meetings of shareholders.

6. **DIVIDEND RECORD**

The Company did not pay any dividends for the fiscal years ended July 31, 1965, and July 31, 1966. For each of the fiscal years ended July 31, 1967, and July 31, 1968, dividends aggregating \$60,000 were paid, equivalent to \$0.10 per common share. For each of the fiscal years ended July 31, 1969, and July 31, 1970, dividends aggregating \$240,000 were paid, equivalent to \$0.40 per common share. Dividends are presently being paid on a quarterly basis at the rate of \$0.10 per common share, representing an aggregate amount of \$60,000 per quarter.

7. **SUBSIDIARY COMPANIES**

The Company has no subsidiary.

8. **FUNDED DEBT**

The Company has no funded debt.

9. **OPTIONS, UNDERWRITINGS, ETC.**

Pursuant to a resolution of the Board of Directors of the Company dated January 10, 1969, and ratified at the annual meeting of shareholders held on January 31, 1969, an option was granted to Saul Shapiro, the President of the Company, to purchase 25,000 common shares from the treasury of the Company at a price of \$11 per share. The option is for a period of ten years and is exercisable to the extent of not more than 20% of the total optioned shares in each of the first five years, with the first 20% being exercisable on or before January 1, 1970, and the rights thereafter to be cumulative at the said rate of 20% per annum.

10. **LISTING ON OTHER STOCK EXCHANGES**

The common shares of the Company are listed on the Montreal Stock Exchange.

11. **STATUS UNDER SECURITIES ACTS**

In July, 1968, the Québec Securities Commission granted permission for the sale to the public of 295,000 of the issued and outstanding common shares of the Company.

12. **FISCAL YEAR**

The fiscal year of the Company ends on July 31 in each year.

13. **ANNUAL MEETING**

The By-laws of the Company provide that the annual meeting of the shareholders of the Company shall be held at the head office of the Company or at such other place within Canada as the Board may determine once at least in every calendar year and not more than fifteen (15) months after the holding of the last preceding annual meeting as may be fixed from time to time by the Board, the Chairman of the Board, or the President. The last annual meeting of shareholders of the Company was held on December 4, 1970.

14. **HEAD OFFICE**

The head office is located at 5590 Royalmount Avenue, Montréal, Québec.

15. **TRANSFER AGENT**

The transfer agent for the common shares of the Company is The Royal Trust Company, at its principal offices in Montréal and Toronto.

16. **TRANSFER FEE**

No transfer fee is charged on stock transfers.

17. **REGISTRAR**

The Registrar for the common shares of the Company is The Royal Trust Company, at its principal offices in Montréal and Toronto.

18. **AUDITORS**

The auditors of the Company are McDonald, Currie & Co., 630 Dorchester Boulevard West, Montréal 101, Québec.

19. OFFICERS AND DIRECTORS

Name and Address	Position	Principal Occupation
William W. Laird, Q.C. 26 Arjay Crescent Willowdale, Ontario	Director and Chairman of the Board	Barrister and Solicitor
Abe Gold 5500 Macdonald Montréal, Québec	Director and Vice-Chairman of the Board	President — Glencairn Management Limited
Saul Shapiro 5041 Glencairn Road Montréal, Québec	Director, President and Treasurer	President and Chief Executive Officer (Executive Vice-President and Secretary-Treasurer 1965-1968)—Peoples Department Stores Ltd.
P. André Gervais 427 Mount Stephen Westmount, Québec	Director and Secretary	Barrister and Solicitor
F. Coulter Deacon 338 Inglewood Drive Toronto, Ontario	Director	Investment Dealer
Charles Saxe 4840 Côte St. Luc Road Montréal, Québec	Vice-President, Merchandising	Vice-President, Merchandising (Buyer 1965-1968)—Peoples Department Stores Ltd.

20. CERTIFICATE

Pursuant to a resolution duly passed by its Board of Directors, Peoples Department Stores Ltd. hereby applies for listing of the above-mentioned securities on The Toronto Stock Exchange, and the undersigned officers hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

PEOPLES DEPARTMENT STORES LTD.



Per: "S. SHAPIRO",
President and Treasurer

Per: "P. ANDRE GERVAIS",
Secretary

DISTRIBUTION OF COMMON STOCK AS OF JANUARY 7th, 1971

Number		Shares
13	 Holders of 1 — 24 share lots	118
68	 " " 25 — 99 " "	3,092
157	 " " 100 — 199 " "	16,333
79	 " " 200 — 299 " "	16,140
38	 " " 300 — 399 " "	11,400
15	 " " 400 — 499 " "	6,110
46	 " " 500 — 599 " "	26,905
76	 " " 1000 — up " "	519,902
<u>492</u>	Shareholders	<u>600,000</u>
	Total Shares	

FINANCIAL STATEMENTS

PEOPLES DEPARTMENT STORES LTD.

BALANCE SHEET as at July 31, 1970

ASSETS

	1970	1969
	\$	\$
CURRENT ASSETS		
Cash	198,603	32,288
Short-term deposits	1,500,000	1,500,000
Government of Canada Bonds—at cost (quoted value 1970—\$30,550; 1969—\$29,200)	40,000	40,000
Accounts receivable	190,928	14,709
Inventories—at the lower of cost or net realizable value less normal profit margin	2,573,951	2,654,211
Prepaid expenses	52,407	36,487
	<u>4,555,889</u>	<u>4,277,695</u>

	COST	ACCUMULATED DEPRECIATION		
	\$	\$		
FIXED ASSETS				
Land	25,629	—	25,629	25,000
Building	40,000	5,800	34,200	38,000
Furniture and fixtures	2,014,042	1,214,105	799,937	679,256
	<u>2,079,671</u>	<u>1,219,905</u>	859,766	742,256
Leasehold improvements—at cost less amortization			173,052	154,124
			<u>1,032,818</u>	<u>896,380</u>
GOODWILL—at nominal value			1	1
			<u>5,588,708</u>	<u>5,174,076</u>

LIABILITIES

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	799,186	518,560
Income taxes	39,028	181,779
	<u>838,214</u>	<u>700,339</u>
DEFERRED INCOME TAXES	888,814	713,739
	<u>888,814</u>	<u>713,739</u>

SHAREHOLDERS' LIABILITY

CAPITAL STOCK (note 1)		
Authorized—		
1,000,000 common shares without nominal or par value		
Issued and fully paid—		
600,000 shares	300,000	300,000
RETAINED EARNINGS	4,399,894	4,160,337
	<u>4,699,894</u>	<u>4,460,337</u>
	<u>5,588,708</u>	<u>5,174,076</u>

SIGNED ON BEHALF OF THE BOARD:

"SAUL SHAPIRO", Director

"ABE GOLD", Director

PEOPLES
DEPARTMENT
STORES
 LTD.

ANNUAL REPORT

1970

PEOPLES DEPARTMENT STORES LTD.

Directors

F. Coulter Deacon
P. André Gervais
Abe Gold
William W. Laird, Q.C.
Saul Shapiro

Officers

Chairman of the Board
William W. Laird, Q.C.

Vice-Chairman of the Board
Abe Gold

President and Treasurer
Saul Shapiro

Vice-President, Merchandising
Charles Saxe

Secretary
P. André Gervais

Head Office

5590 Royalmount Avenue
Montreal, Quebec

Transfer Agent and Registrar

The Royal Trust Company
Montreal, Quebec

Auditors

McDonald, Currie & Co.
Montreal, Quebec

PEOPLES DEPARTMENT STORES LTD.

Report to the Shareholders

On behalf of the Board of Directors of your company, I am pleased to present the Annual Report for the year ended July 31, 1970.

Operations

During the year, four new stores were opened (two each in Nova Scotia and Ontario) bringing the total number in operation to 40. There are now three stores in Nova Scotia, and your Directors feel that the potential of this market may justify further consideration in the overall expansion programme of the company.

Sales for the year ended July 31, 1970 surpassed the \$15 million mark for an increase of \$2,267,618 over the previous year. Net earnings increased by \$44,254 and amounted to 80¢ per share as compared with 72¢ in 1969.

Despite the general economic pressures which virtually all Canadian companies felt during the past year, the company's success in the areas of purchasing and marketing has resulted in a slight increase in the gross margin over the previous year.

Although sales have shown a substantial improvement and merchandise costs were adequately controlled, there were increases in certain non-controllable expenses. In particular, rent, taxes, light, heat and power increased by \$218,600 (an increase of almost 25% over the previous year). Depreciation and amortization accounted for a further additional charge of \$44,900. Salaries and bonuses of \$2.2 million to store personnel constituted the largest single cost of store operations.

Because of the widening market which your company is now serving, the Directors felt it necessary to increase the number of store supervisors during the year, and as a result, more assistance was provided to store managers as well as closer contact with head office. A very tangible outcome of this decision has been better control over inventories and, as can be seen from the financial statements, there has been a reduction in inventory levels from the previous year although there were four more stores at year-end.

Four-year summary of operations

	1970	1969	1968	1967
	\$	\$	\$	\$
Sales	15,390,356	13,122,738	11,875,905	10,755,322
Earnings before income taxes	1,004,557	900,303	673,340	597,777
Income taxes	525,000	465,000	330,000	283,000
Net earnings	479,557	435,303	343,340	314,777
Earnings per share	80¢	72¢	57¢	52¢
Dividends	240,000	240,000	60,000	60,000

ANNUAL REPORT 1970

Financial position

At the end of the year, current assets were equivalent to more than five times current liabilities and working capital increased to more than \$3.7 million. Due to the uncertainties existing in the economy and the effect which inflation has had on the cost of financing, the Directors have felt it necessary to maintain a high level of liquid assets to facilitate the company's expansion programme. Funds provided by operations have been used in payment of dividends at an annual rate of 40¢ per share and also to modernize existing stores and equip those opened during the year with the result that net fixed assets exceed \$1 million at year-end.

The future

The very satisfactory increase in sales and the improvement of the gross margin in the year have served to reinforce the Directors' view that further opportunities exist in areas which are now served by the company and also in others which are being considered for future expansion.

Conclusion

The favourable results for the year as well as the probable adjustments in the business environment reaffirm your Board's confidence that the company will continue its established growth pattern and that the coming year will produce increased sales and profit margins resulting in improved earnings and financial position. The effect of the increased supervisory staff and the operations of the four new stores will be felt during the coming year and should serve to strengthen further the company's marketing efficiency and also the return on your investment.

On behalf of your Board of Directors, I wish to express my appreciation to all employees who contributed to the success of the company during the past year and look forward to the challenges of the year ahead.

Saul Shapiro,

President.

PEOPLES DEPARTMENT STORES LTD.

ASSETS

Current Assets			1970	1969
			\$	\$
Cash			198,603	32,288
Short-term deposits			1,500,000	1,500,000
Government of Canada Bonds — at cost (quoted value 1970 — \$30,550; 1969 — \$29,200)			40,000	40,000
Accounts receivable			190,928	14,709
Inventories — at the lower of cost or net realizable value less normal profit margin			2,573,951	2,654,211
Prepaid expenses			52,407	36,487
			<u>4,555,889</u>	<u>4,277,695</u>
Fixed Assets	Cost	Accumulated depreciation		
	\$	\$		
Land	25,629	—	25,629	25,000
Building	40,000	5,800	34,200	38,000
Furniture and fixtures	2,014,042	1,214,105	799,937	679,256
	<u>2,079,671</u>	<u>1,219,905</u>	859,766	742,256
Leasehold improvements — at cost, less amortization			173,052	154,124
			<u>1,032,818</u>	<u>896,380</u>
Goodwill — at nominal value			<u>1</u>	<u>1</u>
			<u>5,588,708</u>	<u>5,174,076</u>

BALANCE SHEET as at July 31, 1970

LIABILITIES

Current Liabilities	1970	1969
	\$	\$
Accounts payable and accrued liabilities	799,186	518,560
Income taxes	39,028	181,779
	<u>838,214</u>	<u>700,339</u>
Deferred Income Taxes	50,600	13,400
	<u>888,814</u>	<u>713,739</u>

SHAREHOLDERS' EQUITY

Capital Stock (note 1)		
Authorized —		
1,000,000 common shares without nominal or par value		
Issued and fully paid —		
600,000 shares	300,000	300,000
Retained Earnings	4,399,894	4,160,337
	<u>4,699,894</u>	<u>4,460,337</u>

SIGNED ON BEHALF OF THE BOARD:

Saul Shapiro, <i>Director</i>	<u>5,588,708</u>	<u>5,174,076</u>
Abe Gold, <i>Director</i>	<u>5,588,708</u>	<u>5,174,076</u>

PEOPLES DEPARTMENT STORES LTD.

Statement of Earnings

for the year ended July 31, 1970

	1970	1969
	\$	\$
SALES	15,390,356	13,122,738
COSTS AND EXPENSES		
Cost of sales, operating and administrative expenses	13,275,829	11,284,412
Directors' remuneration	130,204	139,235
Rent	792,029	655,992
Depreciation and amortization	187,737	142,796
	14,385,799	12,222,435
EARNINGS BEFORE INCOME TAXES	1,004,557	900,303
INCOME TAXES — current	487,800	451,600
— deferred	37,200	13,400
	525,000	465,000
NET EARNINGS FOR THE YEAR	479,557	435,303

Statement of Retained Earnings

for the year ended July 31, 1970

	1970	1969
	\$	\$
BALANCE — BEGINNING OF YEAR	4,160,337	3,965,034
Net earnings for the year	479,557	435,303
	4,639,894	4,400,337
Dividends	240,000	240,000
BALANCE — END OF YEAR	4,399,894	4,160,337

Statement of Source and Use of Funds
for the year ended July 31, 1970

	1970	1969
	\$	\$
Source of Funds		
Net earnings for the year	479,557	435,303
Add: Charges not requiring cash outlay —		
Depreciation and amortization	187,737	142,796
Deferred income taxes	37,200	13,400
	<u>704,494</u>	<u>591,499</u>
Use of Funds		
Net additions to fixed assets	324,175	356,489
Dividends	240,000	240,000
	<u>564,175</u>	<u>596,489</u>
Increase (decrease) in working capital	<u>140,319</u>	<u>(4,990)</u>
Working capital — beginning of year	3,577,356	3,582,346
Increase (decrease) in working capital	140,319	(4,990)
Working capital — end of year	<u><u>3,717,675</u></u>	<u><u>3,577,356</u></u>

PEOPLES DEPARTMENT STORES LTD.

Notes to Financial Statements

for the year ended July 31, 1970

1. STOCK OPTION

The company has reserved 25,000 shares under a stock option granted to an officer during the preceding year to purchase these shares in instalments at \$11 each. The option expires in 1976.

2. LONG-TERM LEASES

Minimum future rentals, excluding additional amounts based on percentage of sales, taxes and other like expenses are:

1971 - 1975	\$3,582,560
1976 - 1980	3,518,072
1981 - 1985	2,546,572
1986 - 1991	2,192,458
1992 - 1995	1,675,362
1996 - 2001	1,273,080
Subsequent	Nil

3. OTHER COMMITMENT

In a previous year the company sold, for \$357,000, a building constructed on land leased until the year 2001 and has undertaken either to repay the sale price at the expiration of the lease or to acquire the land at its own expense for the account of the purchaser of the building.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Peoples Department Stores Ltd. as at July 31, 1970 and the statements of earnings, retained earnings and source and use of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at July 31, 1970 and the results of its operations and the source and use of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

McDonald, Currie & Co.

CHARTERED ACCOUNTANTS.

Montreal, Quebec
September 15, 1970

Notes se rapportant aux états financiers
pour l'exercice terminé le 31 juillet 1970

1. OPTION À L'ACHAT D'ACTIONS

La compagnie a réservé 25,000 actions d'après les dispositions d'une option qui a été accordée à un dirigeant au cours de l'exercice précédent. Ce dirigeant peut exercer cette option par versements à \$11 l'action. L'option expirera en 1976.

2. BAUX À LONG TERME

Les loyers minima pour les années à venir, exclusion faite de charges additionnelles basées sur un pourcentage des ventes, les taxes et les autres dépenses s'établissent comme suit:

1971 - 1975	\$3,582,560
1976 - 1980	3,518,072
1981 - 1985	2,546,572
1986 - 1991	2,192,458
1992 - 1995	1,675,362
1996 - 2001	1,273,080
Par la suite	Aucun loyer

3. AUTRE ENGAGEMENT

Au cours d'un exercice précédent, la compagnie a vendu un immeuble érigé sur un terrain loué jusqu'en l'an 2001. Le prix de vente de cet immeuble a été de \$357,000. Elle s'est engagée soit à rembourser le prix de vente à l'expiration du bail ou à acheter le terrain à ses frais au nom de l'acheteur de l'immeuble.

RAPPORT DES VÉRIFICATEURS AUX ACTIONNAIRES

Nous avons examiné le bilan de Peoples Department Stores Ltd. au 31 juillet 1970 et les états des bénéfices, des bénéfices non répartis, et de la provenance et de l'utilisation des fonds pour l'exercice terminé à cette date. Notre examen a comporté une revue générale des procédés comptables et les sondages des livres, pièces et autres documents à l'appui que nous avons considérés nécessaires dans les circonstances.

A notre avis, ces états financiers présentent équitablement la situation financière de la compagnie au 31 juillet 1970 et les résultats de ses opérations ainsi que la provenance et l'utilisation de ses fonds pour l'exercice terminé à cette date, conformément aux principes comptables généralement reconnus, appliqués de la même manière qu'au cours de l'exercice précédent.

McDonald, Currie & Cie

COMPTABLES AGRÉÉS.

Montréal, Québec
le 15 septembre 1970

Etat de la provenance et de l'utilisation des fonds
pour l'exercice terminé le 31 juillet 1970

Provenance des fonds		
Bénéfice net pour l'exercice	479,557	1970
Ajouter: Frais n'entraînant pas de débourse: Amortissement des immobilisations Impôts sur le revenu reportés	187,737 37,200	1970
	591,499	1969
Utilisation des fonds		
Augmentation des immobilisations	324,175	1970
Dividendes	240,000	1970
	564,175	1969
Augmentation (diminution) du fonds de roulement	140,319	1970
Fonds de roulement au début de l'exercice	3,577,356	1969
Augmentation (diminution) du fonds de roulement	140,319	1970
Fonds de roulement à la fin de l'exercice	3,717,675	1970
	3,577,356	1969

Etat des bénéfices

pour l'exercice terminé le 31 juillet 1970

VENTES	15,390,356	1970	\$	13,122,738	1969	\$
COÛT ET DÉPENSES						
Coût des ventes et frais d'exploitation et d'administration	13,275,829			11,284,412		
Rémunération des administrateurs	130,204			139,235		
Loyers	792,029			655,992		
Amortissement des immobilisations	187,737			142,796		
BÉNÉFICE AVANT IMPÔTS SUR LE REVENU ...	14,385,799			12,222,435		
IMPÔTS SUR LE REVENU — à payer	487,800			451,600		
— reportés	37,200			13,400		
BÉNÉFICE NET POUR L'EXERCICE	525,000			465,000		

Etat des bénéfices non répartis

pour l'exercice terminé le 31 juillet 1970

SOLDE AU DÉBUT DE L'EXERCICE	4,160,337	1970	\$	3,965,034	1969	\$
Bénéfice net pour l'exercice	479,557			435,303		
Dividendes	4,639,894			4,400,337		
SOLDE À LA FIN DE L'EXERCICE	4,399,894			4,160,337		

PASSIF

Exigibilités		
Comptes à payer	799,186	1970
Impôts sur le revenu	39,028	
Impôts sur le revenu reportés	838,214	
	50,600	
	888,814	1970
	713,739	1969

AVOIR DES ACTIONNAIRES

Capital-actions (note 1)		
Autorisé:		
1,000,000 d'actions ordinaires, sans valeur nominale ou au pair		
Emis et entièrement versé:		
600,000 actions	300,000	
Bénéfices non répartis	4,399,894	
	4,699,894	
	300,000	
	4,160,337	1970
	4,460,337	1969

SIGNÉ AU NOM DU CONSEIL,

un administrateur, Saul Shapiro
un administrateur, Abe Gold

5,588,708	5,174,076
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ACTIF

Disponibilités		1970		1969	
Encaisse		198,603	\$	32,288	\$
Dépôts à court terme		1,500,000		1,500,000	
Titres du Gouvernement du Canada, au coût (valeur cotée 1970 — \$30,550; 1969 — \$29,200)		40,000		40,000	
Comptes à recevoir		190,928		14,709	
Stocks, au plus bas du coût ou de la valeur nette probable de réalisation moins une marge nor- male de bénéfice		2,573,951		2,654,211	
Frais payés d'avance		52,407		36,487	
		<u>4,555,889</u>		<u>4,277,695</u>	
Immobilisations		Coût		Amortissement accumulé	
	\$		\$		
Terrain	25,629	—		25,629	25,000
Immeuble	40,000	5,800		34,200	38,000
Mobilier et agencement	2,014,042	1,214,105		799,937	679,256
	<u>2,079,671</u>	<u>1,219,905</u>		<u>859,766</u>	<u>742,256</u>
Améliorations locales, au coût, moins amortissement				173,052	154,124
				<u>1,032,818</u>	<u>896,380</u>
Achalandage, à la valeur nominale				1	1
				<u>5,588,708</u>	<u>5,174,076</u>

La situation financière

A la fin de l'exercice, les disponibilités représentaient cinq fois les exigibilités et le fonds de roulement avait été porté à plus de \$3.7 millions. A cause des tendances incertaines de l'économie et des répercussions qu'a eues l'inflation sur les frais de financement, les administrateurs ont cru qu'il était nécessaire d'expansion tenir un important montant de liquidités afin de faciliter le programme d'expansion de la compagnie. Les fonds qu'a procurés l'exploitation ont été utilisés pour payer les dividendes d'un taux annuel de 40% l'action ainsi que pour moderniser les magasins existants et pour installer ceux qui ont été ouverts au cours de l'exercice. Comme résultat, le montant net des immobilisations corporelles excédait \$1 million à la fin de l'exercice.

L'avenir

L'augmentation fort satisfaisante des ventes et la majoration de la marge des bénéfices bruts ont aidé à renforcer le point de vue des administrateurs voulant que de nouvelles possibilités existent dans les domaines où oeuvre présentement la compagnie et dans des domaines à l'étude pour fins d'expansion éventuelle.

Conclusion

Les résultats favorables de l'exercice ainsi que les changements probables dans les conditions économiques ont raffermi la confiance du Conseil d'administration en la croissance continue que la compagnie connaît présentement et en l'augmentation des ventes et la majoration des marges bénéficiaires du prochain exercice qui permettront de réaliser une augmentation des bénéfices et une amélioration de la situation financière. Les effets qu'auront l'augmentation du personnel de surintendance et l'exploitation des quatre nouveaux magasins se feront sentir au cours du prochain exercice. Ces effets devraient aider à ajouter au rendement de la commercialisation et de vos investissements.

Au nom du Conseil d'administration, je désire exprimer mes remerciements à tous les employés qui ont contribué au succès de la compagnie dans le passé et j'attends avec impatience les défis qui se présenteront au cours du prochain exercice.

Le président

Saul Shapiro

Rapport aux actionnaires

Au nom du Conseil d'administration de notre compagnie, j'ai le plaisir de vous présenter le rapport annuel de l'exercice terminé le 31 juillet 1970.

L'exploitation

Au cours de l'exercice, nous avons ouvert quatre nouveaux magasins dont deux en Nouvelle-Ecosse et deux en Ontario, portant ainsi le nombre total des magasins en exploitation à 40. Nous avons maintenant trois magasins en Nouvelle-Ecosse et les administrateurs prendront de nouveau en considération les possibilités de ce marché dans le programme général d'expansion de la compagnie.

Les ventes pour l'exercice terminé le 31 juillet 1970 ont dépassé les \$15 millions par suite d'une augmentation de \$2,267,618 comparativement à l'exercice précédent. Les bénéfices nets ont augmenté de \$44,254 et se sont élevés à 80¢ l'action comparativement à 72¢ en 1969.

En dépit des contraintes économiques générales dont presque toutes les compagnies du Canada ont eu à souffrir au cours du dernier exercice, la réussite de la compagnie dans les domaines des achats et de la commercialisation a permis de réaliser une augmentation de la marge des bénéfices bruts comparativement à l'exercice précédent.

Bien que le volume des ventes ait augmenté d'une façon importante et que les coûts des marchandises aient été contrôlés d'une façon appropriée, certaines dépenses incompressibles ont tout de même subi une augmentation. Ces dépenses dont le loyer, les taxes, l'éclairage, le chauffage et l'énergie ont subi une augmentation de \$218,600, soit une majoration de 25 p. 100 comparativement à l'exercice précédent. L'amortissement a aussi augmenté d'un montant de \$44,900. Les salaires et les bonis versés au personnel des magasins au montant de \$2.2 millions ont constitué pour les magasins, le coût d'exploitation le plus élevé.

Au cours de l'exercice, les administrateurs ont senti le besoin d'augmenter le nombre des commis dans les magasins par suite de l'expansion croissante des marchés que dessert la compagnie. Comme résultat, les directeurs des magasins ont bénéficié d'une aide accrue et d'un contact plus étroit avec le siège social. Cette décision a résulté en une plus grande efficacité quant au contrôle du stock et, comme on peut le constater dans les états financiers, le niveau du stock a été réduit comparativement à l'exercice précédent même si nous avions quatre nouveaux magasins à la fin de l'exercice.

Résultats comparatifs

	1970	1969	1968	1967
Ventes	15,390,356	13,122,738	11,875,905	10,755,322
Bénéfices avant impôts sur le revenu	1,004,557	900,303	673,340	597,777
Impôts sur le revenu	525,000	465,000	330,000	283,000
Bénéfices nets	479,557	435,303	343,340	314,777
Bénéfice par action	80¢	72¢	57¢	52¢
Dividendes	240,000	240,000	60,000	60,000

Administration

F. Coulter Deacon
P. André Gervais
Abe Gold
William W. Laird, c.r.
Saul Shapiro

Direction

Président du Conseil d'administration
William W. Laird, c.r.
Vice-président du Conseil d'administration
Abe Gold
Président et Trésorier
Saul Shapiro
Vice-président Commercialisation
Charles Saxe
Secrétaire
P. André Gervais

Siège social

5590, avenue Royalmount
Montréal, Québec

**Agent de transferts
et Registraire**

The Royal Trust Company
Montréal, Québec

Vérificateurs

McDonald, Currie & Cie
Montréal, Québec

PEOPLES
DEPARTMENT
STORES
LTD.

RAPPORT ANNUEL
1970

PEOPLES DEPARTMENT STORES LTD.

STATEMENT OF EARNINGS for the year ended July 31, 1970

	1970	1969
	\$	\$
SALES	15,390,356	13,122,738
COSTS AND EXPENSES		
Cost of sales, operating and administrative expenses	13,275,829	11,284,412
Directors' remuneration	130,204	139,235
Rent	792,029	655,992
Depreciation and amortization	187,737	142,796
	<u>14,385,799</u>	<u>12,222,435</u>
EARNINGS BEFORE INCOME TAXES	1,004,557	900,303
INCOME TAXES—current	487,800	451,600
—deferred	37,200	13,400
	<u>525,000</u>	<u>465,000</u>
NET EARNINGS FOR THE YEAR	<u>479,557</u>	<u>435,303</u>

STATEMENT OF RETAINED EARNINGS for the year ended July 31, 1970

	1970	1969
	\$	\$
BALANCE—BEGINNING OF YEAR	4,160,337	3,965,034
Net earnings for the year	479,557	435,303
	<u>4,639,894</u>	<u>4,400,337</u>
Dividends	240,000	240,000
BALANCE—END OF YEAR	<u>4,399,894</u>	<u>4,160,337</u>

STATEMENT OF SOURCE AND USE OF FUNDS for the year ended July 31, 1970

	1970	1969
	\$	\$
SOURCE OF FUNDS		
Net earnings for the year	479,557	435,303
Add: Charges not requiring cash outlay—		
Depreciation and amortization	187,737	142,796
Deferred income taxes	37,200	13,400
	<u>704,494</u>	<u>591,499</u>
USE OF FUNDS		
Net additions to fixed assets	324,175	356,489
Dividends	240,000	240,000
	<u>564,175</u>	<u>596,489</u>
INCREASE (DECREASE) IN WORKING CAPITAL	<u>140,319</u>	<u>(4,990)</u>
WORKING CAPITAL—BEGINNING OF YEAR	3,577,356	3,582,346
Increase (decrease) in working capital	140,319	(4,990)
WORKING CAPITAL—END OF YEAR	<u>3,717,675</u>	<u>3,577,356</u>

PEOPLES DEPARTMENT STORES LTD.

NOTES TO FINANCIAL STATEMENTS for the year ended July 31, 1970

1. STOCK OPTION

The Company has reserved 25,000 shares under a stock option granted to an officer during the preceding year to purchase these shares in installments at \$11 each. The option expires in 1976.

2. LONG-TERM LEASES

Minimum future rentals, excluding additional amounts based on percentage of sales, taxes, and other like expenses are:

1971-1975	....	....	....	....	\$3,582,560
1976-1980	....	....	....	....	3,518,072
1981-1985	....	....	....	....	2,546,572
1986-1991	....	....	....	....	2,192,458
1992-1995	....	....	....	....	1,675,362
1996-2001	....	....	....	....	1,273,080
Subsequent	....	....	....	....	Nil

3. OTHER COMMITMENT

In a previous year the Company sold, for \$357,000, a building constructed on land leased until the year 2001 and has undertaken either to repay the sale price at the expiration of the lease or to acquire the land at its own expense for the account of the purchaser of the building.

AUDITORS' REPORT TO SHAREHOLDERS

We have examined the balance sheet of Peoples Department Stores Ltd. as at July 31, 1970, and the statements of earnings, retained earnings and source and use of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Company as at July 31, 1970, and the results of its operations and the source and use of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Montréal, Québec
September 15, 1970

McDonald, Currie & Co.
Chartered Accountants

PEOPLES DEPARTMENT STORES LTD.

BALANCE SHEET as at October 31, 1970
(unaudited)

ASSETS

CURRENT ASSETS

Cash										\$
Short-term deposits										9,090.67
Government of Canada Bonds—at cost										1,500,000.00
Accounts receivable										40,000.00
Inventories										5,925.60
Prepaid expenses										3,748,600.81
										9,790.55
										<u>5,313,407.63</u>

FIXED ASSETS

	Cost	Accumulated Depreciation		
	\$	\$	\$	
Land	39,664.60	—	39,664.60	
Buildings	40,000.00	6,750.00	33,250.00	
Furniture and Fixtures	2,030,387.12	1,257,207.74	773,179.38	846,093.98
Leasehold improvements—at cost less amortization				176,503.90
GOODWILL				1.00
				<u>6,336,006.51</u>

LIABILITIES

CURRENT LIABILITIES

		\$	\$
Accounts payable and accrued liabilities		1,480,648.95	
Income taxes		27,814.86	1,508,463.81
DEFERRED INCOME TAXES			50,600.00
			<u>1,559,063.81</u>

SHAREHOLDERS' EQUITY

CAPITAL STOCK

Authorized—			
1,000,000 common shares without nominal or par value			
Issued and fully paid—			
600,000		300,000.00	
RETAINED EARNINGS		4,476,942.70	4,776,942.70
			<u>6,336,006.51</u>

On behalf of the Board of Directors

Montréal, December 4, 1970

"S. SHAPIRO", Director

PEOPLES DEPARTMENT STORES LTD.

STATEMENT OF EARNINGS

Period: August 1, 1970 - October 31, 1970

(Unaudited)

	1970	1969
SALES	4,135,195.51	3,503,349.40
COST OF MERCHANDISE SOLD	2,729,229.04	2,312,210.60
GROSS PROFIT	1,405,966.47	1,191,138.80
EXPENSES		
Store Operations	1,073,487.69	924,467.63
Head Office	115,236.51	92,708.32
	1,188,724.20	1,017,175.95
	217,242.27	173,962.85
OTHER INCOME		
Discounts	56,327.83	41,759.75
Miscellaneous	527.05	408.47
	56,854.88	42,168.22
EARNINGS BEFORE INCOME TAXES	274,097.15	216,131.07